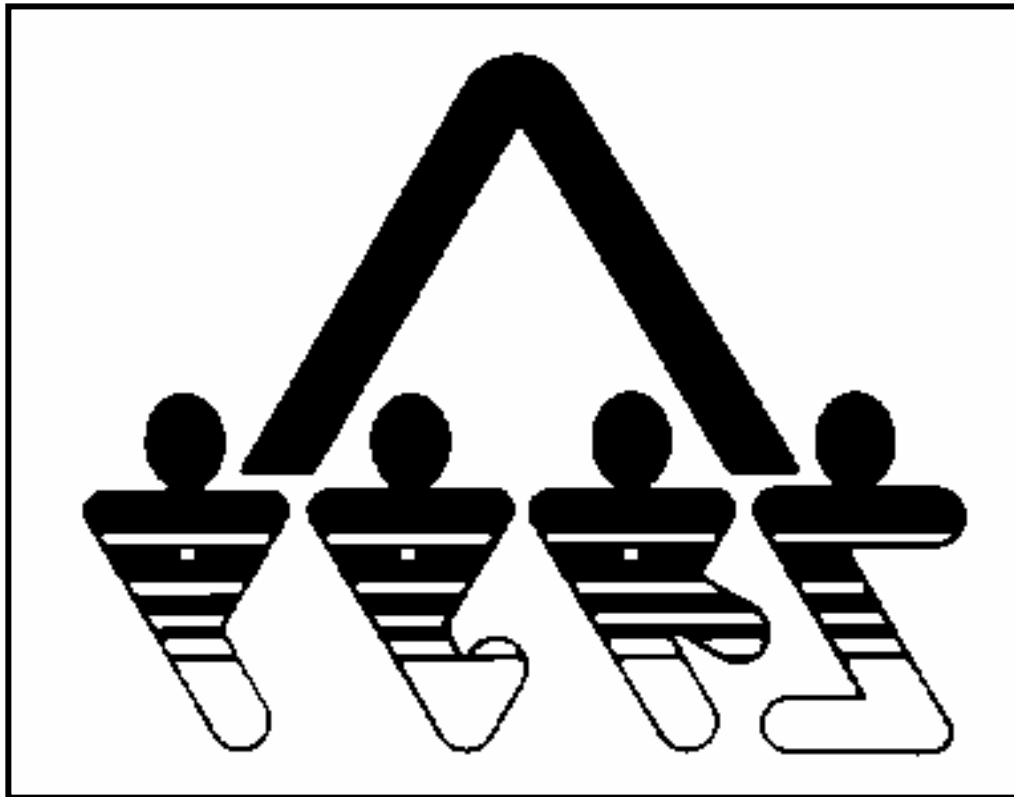


North Dakota Public Employees Retirement System



Eligibility



- ⌘ At least 18 years of age
- ⌘ Work at least 32 hours a week 20 or more weeks a year
- ⌘ Position is regularly funded & not of limited duration

Additional Eligibility Requirements

"Law Enforcement"



⌘ Peace Officers

- ☑ A public servant authorized by law or government agency or branch to enforce the law and to conduct or engage in investigations of violations of the law.

⌘ Correctional Officers

- ☑ A person who has completed a correctional officer course approved/certified by the North Dakota department of corrections and rehabilitation and is employed by a correctional facility as defined in the North Dakota Century Code section 12-44.1.

Enrollment



- ⌘ Eligible employees employed at the time the employer joins may waive participation
 - ☑ Must sign an irrevocable waiver of participation
 - ☒ May not have their pay increased as a result of that waiver
- ⌘ All eligible employees hired after the employer joins must participate

Contribution Rates



⌘ Employee Contribution

☑ 4.00%

⌘ Employer Contribution

☑ Current Employer Groups

☒ 9.31%

- Based on Normal Cost to provide more favorable retirement provisions, plus past service credit liability

☑ New Employer Groups

☒ 7.43%

- Contribution based on Normal Cost to provide more favorable retirement provisions and no past service credit liability

Payment of Employee Contribution



⌘ Employee Paid

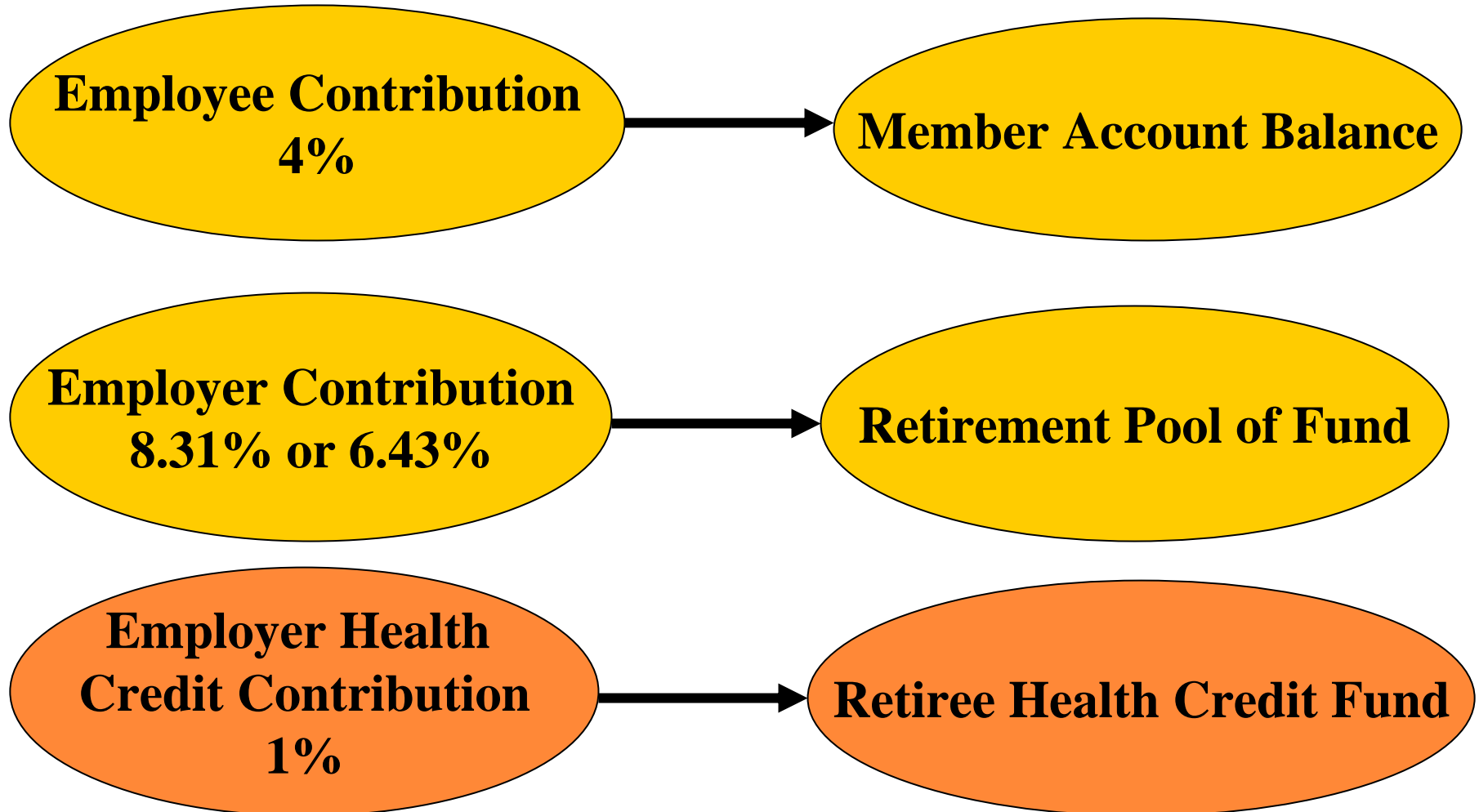
- ☑ after tax deduction
- ☑ salary reduction (tax deferred)

⌘ Employer Paid

- ☑ All or a portion
- ☑ offset against future salary increase

⌘ Combination of salary reduction and salary increase offset

Contribution Allocation



Portability Enhancement Provision (PEP)



⌘ PEP allows a member to vest in the employer contribution

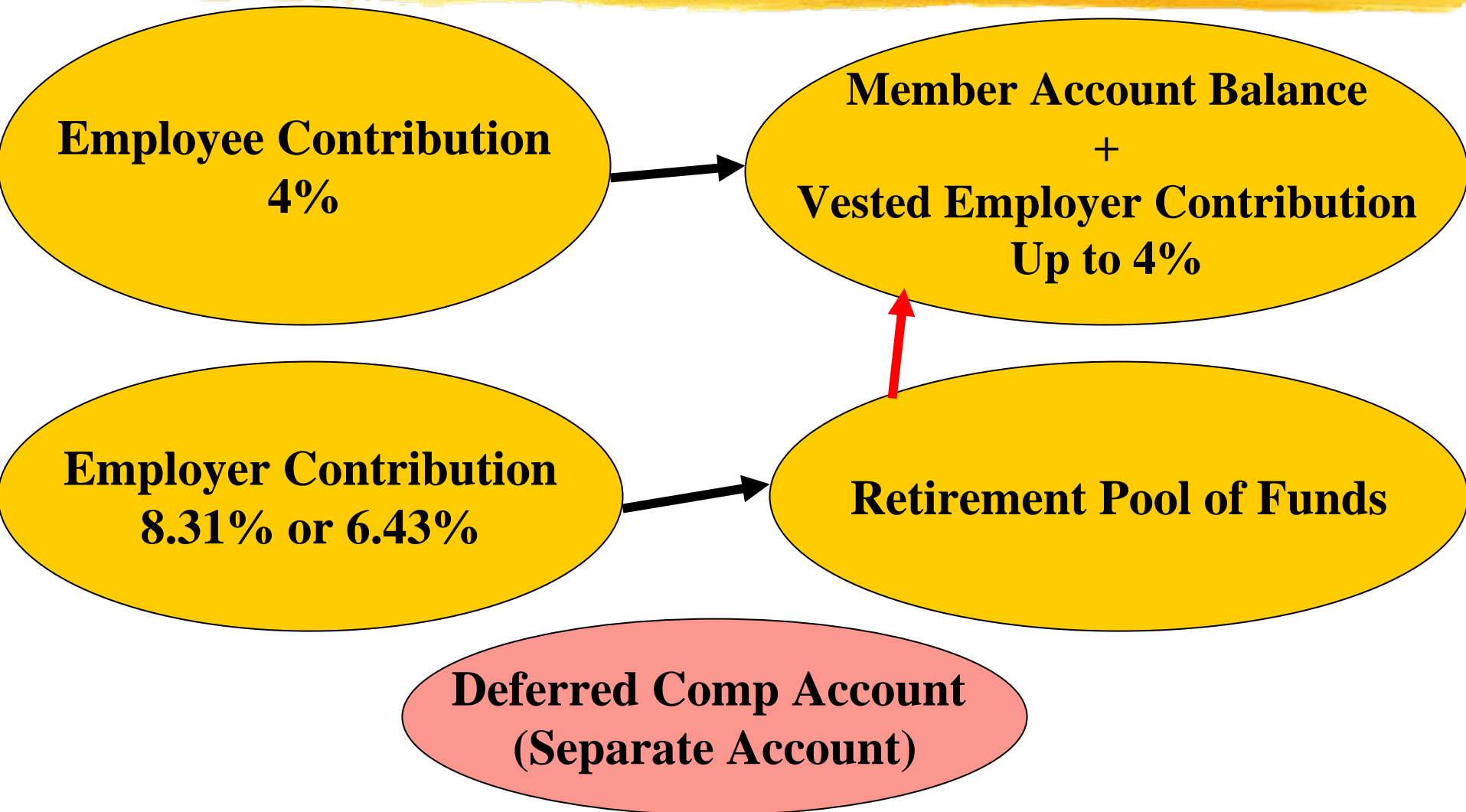
☐ *Requires participation in an eligible Deferred Compensation Plan*

- 457
- 403(b)

⌘ Vested employer contributions are added to the member's account balance

⌘ Result is accelerated accrual of member's account balance

Contribution Allocation With PEP



How PEP Works

For every dollar you put in a Deferred Comp Plan, NDPERS will add one dollar to your member account balance, subject to a vesting schedule.



Employer Contribution Vesting Schedule (PEP)

Service Credit	Minimum	Maximum
0-12 Months	\$25	1%
13-24 Months	\$25	2%
25-36 Months	\$25	3%
37+ Months	\$25	4%



Let's See an Example

Member Account Balance without PEP	<u>\$5,221</u>
Member Account Balance with PEP	<u>\$8,932</u>
Difference=	\$3,711

Assumes 5 year participation
5% salary increase after 1st year
3% salary increase each following year
7.5% annual interest, compounded
monthly

How To Activate PEP



- ⌘ If you are already enrolled in a deferred compensation plan continue participation.
 - ☑ If you're not at the maximum consider increasing your contribution.
- ⌘ If you are not enrolled & your employer offers a deferred compensation plan:
 - ☑ Contact a Deferred Comp provider representative to enroll.
- ⌘ If your employer does not offer a deferred compensation:
 - ☑ Discuss the option with your employer. Plan is available to all eligible employers.

Service Credit & Vesting

- ⌘ A member will receive a month of service credit for each contribution
- ⌘ A member is vested when achieving 36 consecutive months of service credit
 - ☑ To be vested means that a member has become legally entitled to a monthly benefit from NDPERS



Purchase of Service Credit



⌘ Previous Employment:

- ☑ Non-Covered ND Governmental Service
- ☑ Out-of-State Governmental Service
- ☑ Refunded NDPERS Service

⌘ Federal Service

⌘ Legislative Service

⌘ Military Service

⌘ Leave of Absence

⌘ If Vested- Up to 5 Years Generic

⌘ At Termination of Employment-Unused Sick Leave

Purchase Provisions



⌘ Cost of Purchase

- ☑ Actuarial Calculation

⌘ Download from Website (nd.gov/ndpers)

- ☑ Benefit Estimate Calculator

- ☑ Purchase of Service Calculator

Purchase Provisions Cont.



⌘ Payment Methods

☒ Direct Rollover or Transfer of Pre-Tax Dollars from:

- 401(a)
- 401(k)
- 403(b)
- 457
- Traditional IRA
- Federal Employee Retirement System Thrift Savings Plan
- 401(c) Keogh Plan (deposits from 401(a) or (k))

☒ Pre-Tax Payroll Deductions

☒ After-Tax Payroll Deductions

☒ Personal Payments

Sick Leave Conversion



Final Average Salary (FAS)

X

Employee + Employer Contributions

X

Number of Months
(hours divided by 173.3)

=

\$Cost

Benefits at Termination

Member Account Balance Options:

⌘ Lump Sum Refund

⌘ Direct Rollover

⌘ Combination rollover/refund

⌘ Leave Money Intact /Deferred Benefit



Disability Benefits



⌘ Disability Retirement

☑ Vested after 6 Months

⌘ 25% of Final Average Salary (FAS)

☑ \$100 per month minimum

⌘ Eligibility will be recertified



Surviving Spouse Benefits



Assumption: Member is Active Prior to Death

- ⌘ Lump Sum Payment
- ⌘ 60 Monthly Payments
- ⌘ Lifetime Payments

Early Retirement



- ⌘ Age 50 with 36 Months of Consecutive Service Credit
- ⌘ Reduction in Benefits from Age 55 or attaining Rule of 85, whichever occurs first
 - ▢ 6% for each year
 - ▢ .005 for each month

Normal Retirement

⌘ Attain Age 55

⌘ Achieve the Rule of 85

☑ Member's Age + Service Credit



Retirement Benefit Formula



⌘ Final average salary (FAS)

☑ The average of your highest 36 salaries during the last 120 months worked

⌘ Benefit multiplier

☑ 2.00%

⌘ Credited service

☑ One month of service for each contribution

(FAS x 2.00% x Service Credit)

Retirement & Disability Benefit Options

- ⌘ Single Life
- ⌘ 50% Joint & Survivor
- ⌘ 100% Joint & Survivor
- ⌘ 20 Year Term Certain
- ⌘ 10 Year Term Certain
- ⌘ Level Social Security Option*

☒ *Not an option for Disability Benefits or PLSO



Partial Lump Sum Option (PLSO)



- ⌘ Only for retiring members at or past Normal Retirement Date
 - ☑ Excludes Disability Retirees and Surviving Spouses
- ⌘ Lump sum equal to 12 months of Single Life
- ⌘ Permanently reduces ongoing benefit
 - ☑ Approximately 10%

Early Retirement Benefit Example

Disclaimer: This example may not be interpreted as a personal calculation

Assumptions: Member is Age 52 with a Spouse Age 54

Retirement Benefit Formula:

\$3240.19 (FAS) x 2.00% x 25 Years = **\$1,620.10**

(Early Retirement Reduction 18%) **- 291.62**

(Early Single Life Monthly Benefit) **\$1,328.48**

Single Life Benefit = **\$1,328.48**

50% Joint & Survivor Benefit = **\$1,282.51** Spouse Benefit = **\$641.25**

100% Joint & Survivor Benefit = **\$1,239.60** Spouse Benefit = **\$1,239.60**

20 Yr Term Certain = **\$1,279.33** Beneficiary Benefit (If any) = **\$1,279.33**

10 Yr Term Certain = **\$1,313.87** Beneficiary Benefit (If any) = **\$1,313.87**

Normal Retirement Benefit Example

Disclaimer: This example may not be interpreted as a personal calculation

Assumptions: Member is Age 55 with a Spouse Age 57

Retirement Benefit Formula:

\$3,644.76 (FAS) x 2.00% x 25 Years = \$1,822.38

Single Life Benefit = \$1,822.38

50% Joint & Survivor Benefit = \$1,749.67 Spouse Benefit = \$874.84

100% Joint & Survivor Benefit = \$1,682.60 Spouse Benefit = \$1,682.60

20 Yr Term Certain = \$1,731.44 Beneficiary Benefit (If any) = \$1,731.44

10 Yr Term Certain = \$1,759.59 Beneficiary Benefit (If any) = \$1,759.59

Retirement Benefit Example with PLSO Option

Disclaimer: This example may not be interpreted as a personal calculation

Assumptions: Member is Age 60 with a Spouse Age 56

Retirement Benefit Formula:

\$2,351 (FAS) x 2.00% x 25 Years = \$1,175.50

PLSO = \$14,106.00

Single Life Benefit = \$942.75

50% Joint & Survivor Benefit = \$880.34 Spouse Benefit = \$440.17

100% Joint & Survivor Benefit = \$825.75 Spouse Benefit = \$825.75

20 Yr Term Certain = \$863.56 Beneficiary Benefit (If any) = \$863.56

10 Yr Term Certain = \$918.40 Beneficiary Benefit (If any) = \$918.40

Retiree Health Credit



- \$4.50 For Every Year of Service Credit
Example: 20 Years x \$4.50 = \$90.00
- Reduced for Early Retirement
- Applies only to the NDPERS Group Health Plan only

Retiree Insurance Coverage



⌘ Members drawing a NDPERS monthly retirement benefit maybe eligible to join the following NDPERS sponsored insurance plans:

- Health
- Dental
- Vision
- Long-Term Care

On-Line Services



⌘ One-time Registration nd.gov/ndpers

⌘ Compute

☑ Retirement Benefit Estimates

☑ Disability Benefit Estimates

⌘ View

☑ Member Account Balance

☑ Current Annual Statement

Other Website Features



⌘ You have access to:

- ☑ Plan Handbooks

- ☑ Newsletters

- ☑ News Flashes

- ☑ Forms

- ☑ Kits

- ☑ Contact Information